

# Participation of rural workers in the mahatma gandhi national rural employment guarantee act in India

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## Abstract

Responsibility of Government of India to provide funds through an easy and convenient mechanism, In the present funding pattern GOI provides funds to the states to meet full cost of wages and upto 75% of the material cost of work including wages to skilled and semiskilled workers. (subject to material - wage ratio not exceeding 40:60); release of funds is made not to the state but directly to each district. This system involves need for detailed calculations and scrutiny of figures of expenditure on wages, material component and staff. It also entails heavy workload in having to keep district - wise account. This cumbersome procedure compels district officers to make frequent visits to Delhi to chase their proposals for release of funds. The whole process can be greatly simplified by having a new funding pattern in which central government meets full cost of employment wages and in addition funds equal to 50% of wages are given towards all other costs (including material component, staff etc). This simple pattern of funding would dispense the need for getting from states details of expenditure on material, staff etc. or having to calculate the wage-material ratio in REGS works. Also, the release of funds should be to the state and not directly to the district; on-account automatic release of funds to the states will be based on the Utilization Certificate of earlier released funds given by the finance department of the state. GOI will then be concerned with maintaining only state-wise accounts and not nearly 600 accounts for the districts.

**Keywords:** Rural Workers, Rural Employment, MGNREGA, GOI.

## INTRODUCTION

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is an Indian job guarantee scheme, enacted by legislation on August 25, 2005. The scheme provides a legal guarantee for one hundred days of employment in every financial year to adult members of any rural household willing to do public work - related unskilled manual work at the statutory minimum wage of Rs.120 (US\$2.68) per day in 2009 prices. The Central government outlay for scheme is Rs.40, 000 crore (US\$8.92 billion) in FY 2010-11. This act was introduced with an aim of improving the purchasing power of the rural people, primarily semi or un-skilled work to people living in rural India, whether or not they are below the poverty line. Around one-third of the stipulated work force is women. The law was initially called the National Rural Employment Guarantee Act (NREGA) but was renamed on 2 October 2009.

## Provision under NREGA

Adult members of a rural household, willing to do unskilled manual work, may apply for registration in writing or orally to the local Gram Panchayat. The Gram Panchayat after due verification

will issue a Job Card. The Job Card will bear the photograph of all adult members of the household willing to work under NREGA and is free of cost. The Job Card should be issued within 15 days of application. A Job Card holder may submit a written application for employment to the Gram Panchayat, Stating the time and duration for which work is sought. The Minimum days of employment have to be at least fourteen. The Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates. Employment will be given within 15 days of application for work, if it is not then daily unemployment allowance as per the Act, has to be paid liability of payment of unemployment allowance is of the States. Work should ordinarily be provided within 5 km radius of the village. In case work is provided beyond 5 km, extra wages of 10% are payable to meet additional transportation and living expenses. Wages are to be paid according to the Minimum Wages Act 1948 for agricultural labourers in State, unless the Centre notices a wage rate which will not be less than Rs.60 (US\$1.34) per day. Equal wages will be provided to both men and women.

## Funding

MNREGA started with an initial outlay of \$2.5 bn (Rs.11300cr) in year 2006-07. The funding has considerably been increased as shown in the table below

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NREGA wages linkage with statutory minimum wages which is under Minimum wages act as NREGA workers get only Rs 100 per day.

### Evaluating Performance of MGNREGA

- There has been data manipulation that falsely portrays a healthy picture of employment generated through the scheme.
- Provision of employment to 10 per cent households in the official data is also doubtful because independent surveys, social audits, and field studies have revealed several cases of data manipulations which explains why national and state level data employment against demand shows a rather healthy demand
- There were a large number of districts in many states, where the number of households that have been issued job cards is more than the total number of households in these districts.

### CONCLUSION

Responsibility of Government of India to provide funds through an easy and convenient mechanism, In the present funding pattern GOI provides funds to the states to meet full cost of wages and upto 75% of the material cost of work including wages to skilled and semiskilled workers. (subject to material - wage ratio not exceeding 40:60); release of funds is made not to the state but directly to each district. This system involves need for detailed calculations and scrutiny of figures of expenditure on wages, material component and staff. It also entails heavy workload in having to keep district - wise account. This cumbersome procedure compels district officers to make frequent visits to Delhi to chase their proposals for release of funds. The whole process can be greatly simplified by having a new funding pattern in which central government meets full cost of employment wages and in addition funds equal to 50% of wages are given towards all other costs (including material component, staff etc). This simple pattern of funding would dispense the need for getting from states details of expenditure on material, staff etc. or having to calculate the wage-material ratio in REGS works, Also, the release of funds should be to the state and not directly to the district; on-account automatic release of funds to the states will be based on the Utilization Certificate of earlier released funds given by the finance department of the state. GOI will then be concerned with maintaining only state-wise accounts and not nearly 600 accounts for the districts.

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Year	Total Outlay (TO)	Wage Expenditure (Percent of TO)
2006-07	\$2.5bn	66
2007-08	\$2.6bn	68
2008-09	\$6.6bn	67
2009-10	\$8.68bn	70
2010-11	\$8.91bn	71

Source: Wikipedia

### Works / Activities

The MGNREGA achieves twin objectives of rural development and employment. The MGNREGA stipulates that works must be targeted towards a set of specific rural development activities such as: water conservation and harvesting, afforestation, rural connectivity, flood control and protection such as construction and repair of embankments, etc. Digging of new tanks / ponds, percolation tanks and construction of small check dams are also given importance. The employers are given work such as land leveling, tree plantation, etc. First a proposal is given by the Panchayat to the Block Office and then the Block Office decides whether the work should be sanctioned.

### Criticism

Many criticisms have been levelled at the programme, which has been argued to be no more effective than other poverty reduction programmes in India, with key exceptions such as Rajasthan. The first criticism is financial. The MGNREGA is one of the largest initiatives of its kind in the world. The national budget for the financial year 2006 -2007 was Rs 113 billion (about US\$2.5bn and almost 0.3% of GDP) and now fully operational, it costs Rs391 billion in financial year 2009-2010. Funding was argued by Jean Dreze and others to be possible through improved tax administration and reforms, yet the tax - GDP ratio has actually been falling. There are fears the programme will end up costing 5% of GDP. Another important criticism is that the public works schemes' completed product (e.g. water conservation, land development, afforestation, provision of irrigation systems, construction of roads, or flood control ) is vulnerable to being taken by over wealthier sections of society. A monitoring study of NREGA in Madhya Pradesh showed the types of activities undertaken were more or less standardised across villages, suggesting little local consultation. Further concerns include the fact that local government corruption leads to the exclusion of specific sections of society. Local governments have also been found to claim more people have received job cards than people who actual work in order to generate more funds than needed, to the then embezzled by local officials. Bribes as high Rs. 50 are paid in order to receive the job cards. A multi - crore fraud has also been suspected where many people has been issued the NREGA card who is either employed with another Government Job and who are not even aware that they have a Job Card. In Gujarat, as scam of Rs 10 million has taken place. The productivity of laborers involved under NREGA is considered to be lower because of the fact that laborers consider it as a better alternative to working under major projects. There is criticism from construction companies that NREGA has affected the availability of labor as laborers prefer to working under NREGA to working under construction projects. It is also widely criticized that NREGS has contributed to farm labour shortage. In July 2011, the government has advised the states to suspend the NREGS programme during peak farming periods. The National Advisory Committee (NAC) advocated the government for